

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
MARCH 5, 2019**

**ITEM 3**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO APPROVE ELIGIBLE USES OF REMAINING FISCAL YEAR (FY) 16/17 DRINKING WATER FOR SCHOOL (DWFS) FUNDS

**DISCUSSION**

Senate Bill (SB) 828 (Stats. 2016, Ch. 29) added Section 116276 to the Health and Safety Code, which requires the State Water Resources Control Board (State Water Board) to establish a grant program (DWFS Program), in consultation with the California Department of Education, for the purpose of improving access to, and the quality of, drinking water in public schools. SB 828 also appropriated \$9.5 million (FY 16/17) from the General Fund to the State Water Board to issue grants for the DWFS Program.

On May 16, 2017, in [Resolution No. 2017-0032](#), the State Water Board adopted the [Drinking Water For Schools Grant Program Guidelines \(DWFS Guidelines\)](#). The DWFS Guidelines establish the process and criteria to solicit applications, evaluate proposals, and award grants to Local Education Agencies (LEAs). Eligible projects include but are not limited to: water bottle filling stations or drinking water fountains, point-of entry or point-of-use treatment devices, replacement or repair of drinking water fixtures and appurtenances necessary to address lead contamination, and interim alternative water supplies including hauled water or bottled water.

The solicitation period for the FY 16/17 DWFS funds is ending on March 1, 2019. Based on applications received, and considering the number of schools receiving technical assistance to complete their applications, it is likely that total funding awards will be less than the \$9.5 million available.

The Budget Act of 2018 includes a new FY 18/19 allocation of \$6.8 million for the DWFS Program. Assembly Bill (AB) 72, approved by the Governor on February 13, 2019, makes amendments to the Budget Act of 2018, including: (1) directing any FY 16/17 DWFS funds that are not encumbered by the original June 30, 2019 encumbrance deadline to county offices of education, to contract with nonprofit entities to provide services to school districts consistent with the intent of Section 116276 of the Health and Safety Code; and (2) making modifications to the new FY 18/19 DWFS allocation, to make the process less administratively burdensome by allowing the State Water Board to provide grants to a wider variety of applicant types, including public agencies, public water systems, or nonprofit organizations.

With regard to the FY 16/17 allocation, Division of Financial Assistance (DFA) staff have identified applicants that may submit applications addressing a large number of schools within a single school district, with eligible project costs exceeding the \$1 million maximum grant amount per eligible LEA. The \$1 million maximum established in the DWFS Guidelines was originally intended to ensure that, if demand greatly exceeded available funds, then limited available grant funds would be well distributed across the state. Since applications from eligible LEAs are not expected to utilize the full funding available, DFA recommends allowing the DFA Deputy Director to make awards exceeding the \$1 million maximum established in the DWFS Guidelines.

DFA staff have also identified several school districts receiving funding through the DWSRF Program for permanent solutions to address water quality issues. These projects may also exceed the maximum project cost per school that is outlined in the DWFS Guidelines. Utilizing the remaining DWFS Program funds to fund all or a portion of DWSRF projects for schools will free up grant and principal forgiveness funds for other critical drinking water projects funded through the DWSRF program.

If it is determined that submitted DWFS Program applications will not utilize the full \$9.5 million available, then DFA staff are recommending that remaining FY 16/17 funds be utilized to fund: eligible project costs exceeding the \$1 million maximum grant amount per eligible LEA, or all or a portion of DWSRF projects for schools which are consistent with Section 116276 of the Health and Safety Code. To streamline the funding process for DFA staff and funding recipients, DFA staff are recommending that any DWFS Program funds allocated to DWSRF projects be administered consistent with the DWSRF process, rather than the DWFS Guidelines.

The FY 18/19 allocation will be utilized to continue to provide funding for DWFS projects. Future State Water Board action will be necessary to adopt new guidelines and funding processes for the FY 18/19 allocation. DFA staff are planning to bring an item for State Water Board consideration by May 2019.

## **POLICY ISSUES**

Should the State Water Board:

1. Authorize the Deputy Director of DFA to utilize available DWFS Program funds to fund eligible project costs exceeding the \$1 million maximum grant amount per eligible LEA as established in the DWFS Guidelines, or all or a portion of DWSRF projects for schools which are consistent with Section 116276 of the Health and Safety Code?
2. Waive the DWFS Guidelines for DWSRF projects?
3. Direct the Deputy Director or designee to administer and manage any DWFS Program funds allocated to DWSRF projects consistent with the DWSRF process, including the DWSRF Policy and Intended Use Plan?
4. Authorize the Deputy Director of DFA or designee to perform all acts and do all things necessary, including but not limited to, approving modifications to the scope of work, budget, schedule, and issuing funding agreements and any amendments necessary to implement such projects?
5. Authorize the Deputy Director of DFA or designee to withdraw funding if the applicant is non-responsive or DFA has exhausted reasonable efforts to resolve issues that prevent the execution of necessary funding agreements or amendments?

## **FISCAL IMPACT**

SB 828 appropriated \$9.5 million to the State Water Board for grants to local educational agencies to improve access to, and the quality of, drinking water in public schools. The proposed resolution helps ensure that DFA will effectively utilize all the funds.

## **REGIONAL BOARD IMPACT**

No impact to the Regional Boards.

## **HUMAN RIGHT TO WATER**

The projects funded under the DWFS Program are consistent with the established policy of the state recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes (Water Code section 106.3). The DWFS Program is also consistent with [Resolution No. 2016-0010](#), in which the State Water Board adopted the human right to water as a core value and top priority. As directed by the State Water Board in Resolution No. 2016-0010, staff has determined that the proposed actions will support the human right to water by providing financial assistance to improve access to, and the quality of, drinking water in public schools that serve disadvantaged communities.

## **STAFF RECOMMENDATION**

Staff recommends approval of the proposed Resolution.

<p>State Water Board action on this item will assist the Water Boards in reaching Goal 4 of the Strategic Plan Update: 2008-2012 to comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.</p>
--